



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Carlos Jackson
Executive Director

August 2, 2005

Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Commissioners:

**APPROVE INCORPORATION OF ADDITIONAL FUNDS INTO THE COMMISSION'S
APPROVED FISCAL YEAR 2005-2006 BUDGET
(ALL DISTRICTS) (3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Executive Director of the Community Development Commission to increase the Commission's approved Fiscal Year 2005-2006 budget by \$2,500,000, comprised of \$2,148,000 in countywide Community Development Block Grant (CDBG) funds and \$352,000 in countywide Economic Development Administration (EDA) funds, to cover an increased demand in economic development loans, to be effective upon Board approval; and to incorporate the funds into the Commission's approved Fiscal Year 2005-2006 budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to increase the Commission's Economic Development Loan program budget authority to meet an increase in demand in loans that will assist businesses in creating and expanding permanent job opportunities and promote economic development in the County.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. No new CDBG or EDA dollars are being requested at this time. This request will increase the Economic Development Loan program Fiscal Year 2005-2006 budget authority by \$2,500,000, from \$3,503,098 to \$6,003,098.

CDBG funds in the amount of \$2,148,000, previously received as program income, will be reprogrammed back into the EDA loan programs, along with \$352,000 in existing EDA funds. This is in keeping with EDA regulations requiring that CDBG funds that are used as a match with the EDA funds and program income earned under the Economic Development Loan Program be retained within the revolving loan program.

The Commission will incorporate the funds into the Commission's approved Fiscal Year 2005-2006 budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Commission manages several Economic Development Loan programs funded through the EDA of the U.S. Department of Commerce and the CDBG program of the U.S. Department of Housing Urban Development. Since the inception of its Economic Development Loan programs in 1993, the Commission has funded \$87,967,298 in loans, using CDBG and EDA funds, and created or retained over 2,564 jobs. These loans are used for debt refinancing, working capital, machinery and equipment purchase and real estate acquisition.

During the last two months of Fiscal Year 2004-2005, the Commission received an increase in demand for economic development loans by qualified applicants. Therefore, the Commission requests that additional funding authority, in the amount of \$2,500,000, be granted for Fiscal Year 2005-2006 to cover the increased demand in loans.

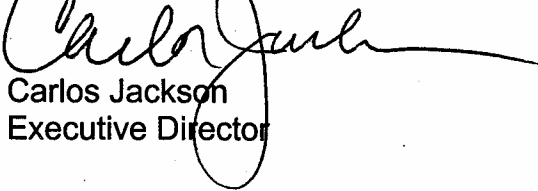
ENVIRONMENTAL DOCUMENTATION:

Approval of an increase in the Commission's approved Fiscal Year 2005-2006 budget is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. The budget increase is not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROGRAMS:

Approval of the increased budget authority will enable the Commission to continue with its Economic Development Loan programs that assist businesses in creating and expanding permanent job opportunities and promoting economic development in the County.

Respectfully submitted,



Carlos Jackson
Executive Director